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STATE OF FLORIDA



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## Public Service Commission

December 6, 2019

Ms. Urduja S. De La Cueva  
11587 CR 675W  
Webster, Florida 33597

**Re: Docket No. 20190125-WS, Application for staff-assisted rate case in Sumter County by The Woods Utility Company.**

Ms. De La Cueva:

Thank you for your letter expressing your concerns about the rate increase petition filed by The Woods Utility Company. To ensure that the Commission staff and the Commissioners know your concerns, your letter has been placed in the docket file for review.

Many factors affect the cost of providing water service. These factors can include the size and age of the utility system; the quality of the water at its source; the number of customers; and the geographic spread of the service area. Rates are increased relative to a utility's revenue requirement and are designed to allow a utility the opportunity to recover its reasonable and prudent costs for providing service and a reasonable rate of return on its investment in facilities necessary to provide water and wastewater service. During a rate case, the Commission's accountants, engineers, and economists examine the financial and engineering information filed by the company as part of its rate increase application. The Commission's auditors also examine this information and publish the results of their findings in an audit report. All costs found to be imprudent or unreasonable are disallowed for recovery from the ratepayers.

In your letter, you indicated a concern regarding the number of occupants in a residence and the amount of the bill. There is a base facility charge (BFC) billed to all customers equally, regardless of the number of occupants in the residence to cover the fixed costs of operating the Utility. Fixed costs are those that do not vary with the volume of water consumed, such as meter reading, billing, and testing, etc. The separate variable usage charge is based on how many gallons are used. Such variable costs include chemicals and electric to run the facility. The BFC does not differentiate for occupancy of a customer's residence or gallonage usage, while the separate usage charge is dependent on the amount of water used and is variable.

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We appreciate your letter and understand your concerns surrounding the proposed rate increase in this docket. I hope the above information is helpful. If you have any additional questions or require further assistance, please call me at (850) 413-6904 or email [jhightow@psc.state.fl.us](mailto:jhightow@psc.state.fl.us).

Very truly yours,



John Hightower  
Public Utilities Analyst  
Bureau of Finance, Tax and Cost Recovery  
Division of Accounting and Finance

JDH

cc: Office of Commission Clerk (Docket No. 20190125-WS)